

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

**Central Illinois Public Service Company and
Union Electric Company**

Docket No. 02-0656

Petition for approval of tariff sheets implementing revised Market Value Index methodology.

Commonwealth Edison Company

Proposed revision of Rider PPO (Power Purchase Option – Market Index), Rate CTC (Customer Transition Charge) and Rider ISS (Interim Supply Services), and to establish Rider CTC – MY) (Customer Transition Charge – Multi-Year Experimental). (Tariffs filed on October 1, 2002)

Docket No. 02-0671

Illinois Power Company

Proposed establishment of Rider MVI II, Market Value Index II. (Tariff filed October 1, 2002)

Docket No. 02-0672
(Cons.)

REBUTTAL TESTIMONY OF KARL A. MCDERMOTT
Vice President, National Economic Research Associates, Inc.

January 2003

1 **PREPARED REBUTTAL TESTIMONY OF**
2 **KARL A. MCDERMOTT**

3
4 **I. INTRODUCTION**

5 **Q. PLEASE STATE YOUR NAME.**

6 A. My name is Dr. Karl McDermott. I am a Vice President of National Economic Research
7 Associates, Inc. (NERA). My business address is 875 North Michigan Avenue, Suite 3650,
8 Chicago, Illinois 60611.

9 **Q. PLEASE STATE YOUR QUALIFICATIONS.**

10 A. In my current position I provide advice, analysis and expert opinion to firms, governments
11 and other organizations in the US and abroad on business and regulatory issues in the
12 natural gas, electric and telecommunications industries. From April 1992 until May 1998, I
13 served as a Commissioner on the Illinois Commerce Commission (ICC or Commission).
14 Prior to that, I was co-founder and served as the President of the Center for Regulatory
15 Studies (CRS), a not-for-profit research organization located on the campus of Illinois State
16 University. Before founding the CRS, I worked in numerous capacities related to regulated
17 industries including positions on the staff of the ICC, the National Regulatory Research
18 Institute, and Argonne National Laboratory. I have also taught graduate level regulatory
19 economics, as well as various other economics courses, at Illinois State University.

20 I have a B.A. in economics from Indiana University of Pennsylvania, a M.A. in public
21 utility economics from the University of Wyoming, and a Ph.D. in economics from the
22 University of Illinois at Urbana-Champaign. A copy of my Curriculum Vitae is attached as
23 Exhibit KM-1.

24 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

25 A. The purpose of my rebuttal testimony is to respond to and comment on the testimony of the
26 RES Coalition, BOMA and Staff as those documents relate to Commonwealth Edison's
27 proposed market value calculation.

28 **Q. WILL YOU BE ADDRESSING ISSUES AS THEY RELATE TO ILLINOIS**
29 **POWER, CENTRAL ILLINOIS PUBLIC SERVICE OR UNION ELECTRIC**
30 **PROPOSALS?**

31 A. No.

32 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

33 A. The starting point of my rebuttal testimony is that the electric market in Northern Illinois
34 should be designed in a manner that is consistent with promoting efficient competition. This
35 goal is not only stated in the 1997 Illinois Restructuring Act (Act) but also conforms to
36 economic principles and good market design. Part of this design is the setting of the market
37 value for the purposes of setting the Purchased Power Option (PPO) price pursuant to
38 Section 16-110 of the Act and the Transition Charge as defined in Section 16-102 of the
39 Act. The Commission should be concerned with the policy implications of some of the
40 interveners' testimony in this docket that would promote inefficient entry and confound the
41 goals of the Act. Specifically, I conclude the following:

- 42 • This proceeding is for the purposes of modifying an existing tariff. This tariff has
43 been previously approved by the Commission. However, from time to time
44 technical improvements in tariffs are necessary. This proceeding is not for the
45 purpose of radically altering the economics of the electric market. It is certainly not
46 clear from the evidence provided in this case that the Commission's decision on the
47 MVI needs substantial revision.
- 48 • Setting the market value is an important task and should not be manipulated for
49 purely private gain as not only does the market value affect the efficiency of the
50 market today, but it also has implications for utility ratepayers after the transition
51 period.¹ The Commission should be extremely skeptical of proposed modifications
52 that could have negative impacts after the transition period.

¹ See Section 16-111(i), 16-110(c) and 16-110(d). Mr. Zuraski makes the point that market values need to be calculated after the transition period as well. ICC Staff Ex. 1.0 at 11.

- 53 • The Commission should be suspicious of proposals to artificially increase the
54 market value computation for the purpose of driving a larger wedge between the
55 market value and the price that a competitor is willing to sell power and energy. The
56 larger the wedge the more likely a RES is to make an unearned profit. This is the
57 sole reason why a RES might like to see a higher market value. However, the
58 Commission is charged under the Act to promote efficient competition. Efficient
59 competition is created only when competitors, on the margin, are competing on the
60 basis of cost. Artificially inflating the “competitive margin” does not promote
61 efficient competitive entry, rather it promotes inefficient entry. Inefficient entry
62 distorts resources in the economy away from their highest and best use toward the
63 artificially created profit signal.
- 64 • Some interveners are muddying the policy waters through various approaches to this
65 problem.
 - 66 ○ BOMA suggests the Commission rely on the so-called RPI to make its
67 decision concerning the so-called “retail mark-up.” The RPI is simply
68 irrelevant to the Commission’s decision in this case as it has no bearing on
69 the calculation of the market value.
 - 70 ○ The RES Coalition makes an argument that a return to the NFF would
71 potentially be advantageous compared to the proposed MVI. The NFF has
72 serious shortcomings and the MVI is clearly a preferred choice to set the
73 market value.
- 74 • The MVI proposal made by ComEd meets the goals of the Act and the letter of the
75 law and will promote efficient competition, while not distorting future resource
76 allocation. It should be approved as proposed.

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**II. THE MARKET VALUE ENERGY CHARGE AND COMMONSENSE
REGULATORY POLICY**

**Q. PLEASE DESCRIBE THE PURPOSE OF THE MARKET VALUE ENERGY
CHARGE (MVEC)?**

A. While others have done a more complete job of describing the purpose of the MVEC,² it is my understanding that the MVEC is calculated for the purposes of determining a customer's or a customer class' transition charge according to Section 16-102 of the Act and the PPO according to Section 16-110 of the Act. It also has other functions after the mandatory transition period as I noted above. Therefore, the MVEC has implications for customers (both those that continue to buy power and energy from ComEd and those that choose alternative suppliers), RESs and utilities.

Q. WHAT IS THE PURPOSE OF THE TRANSITION CHARGE?

A. I will not re-state Mr. Zuraski's testimony, however I believe his discussion of the Act and the transition charge is essentially accurate.³ I would simply add that the transition charge was instituted as part of the policy that recognized the past investment of utilities in plant and equipment that could possibly be open to loss if new entrants were able to take unreasonable advantage of an incumbent utility's past obligations.⁴ Therefore, the transition charge is a right to a revenue stream during the transition period that the General Assembly provided to incumbent utilities. Providing a fairly calculated transition charge, which depends crucially on the MVEC and its accuracy, is critical to carrying out the policy embedded in the Act.

**Q. ARE ANY OF THE PROPOSALS IN THIS DOCKET FUNDAMENTALLY AT
ODDS WITH THE POLICY OF PROVIDING TRANSITION CHARGE
RECOVERY?**

² See e.g., ICC Staff Ex. 1.0 beginning at line 76 or Direct Testimony of Paul R. Crumrine, beginning at line 85.

³ ICC Staff Ex. 1.0 at lines 39-66

⁴ See e.g., Section 16-101A(c).

105 A. Yes. I have concluded that the proposals for increasing the MVEC to recognize “embedded
106 costs” such as alleged retail marketing costs or making up for “residuals”⁵ from past prices
107 are fundamentally at odds with the policy of fairly providing transition charge recovery for
108 ComEd. By definition, the market value should be a forward looking concept and should
109 represent the value of the power and energy freed up from removing customers from the
110 ComEd system.⁶ Any other definition would allow new entrants to unfairly take advantage
111 of investments made under a different regulatory regime. Clearly, such a pricing policy
112 would contradict the stated goal of Section 16-101A(c) of the Act. Last, as noted by Mr.
113 Zuraski⁷ the transition period, by design, is meant to partially shelter utilities from the full
114 financial consequences of immediate, full blown competition and provide for a gradual
115 transition. The concept of a transition is to begin the evolution of sustained competition and
116 should not be used to artificially stimulate entry. As I will discuss later in my testimony, it
117 is the sustainability of competition in the long-run that should be of paramount concern to
118 the Commission.

119 **Q. WHAT IS THE PURPOSE OF THE PPO?**

120 A. Again, others have adequately described the PPO.⁸ I would simply add that the PPO
121 appears to be designed to allow those customers who are not interested in procuring service
122 from a third-party to have a “virtual” access to the marketplace through the new pricing of
123 this service, based at least in part, on the MVEC. Customers choosing the PPO are in fact
124 taking action to control their energy procurement needs, while being sheltered from some,
125 but not all, of the risks of the competitive market place. Some interveners seem to be
126 concerned that as market prices change the number of customers that choose the PPO
127 changes.⁹ While we can argue day and night about the value of the PPO as a competitive
128 alternative, it is not surprising that the PPO would be relatively more attractive in certain

⁵ See, e.g., generally, RES Coalition Ex. 1.0, BOMA Ex. 1.0

⁶ To the extent that the NFF process represents historical costs and does not accurately model forward looking prices it should be rejected as an appropriate solution. I will address the NFF specifically later in my testimony.

⁷ ICC Staff Ex. 1.0 beginning at line 59.

⁸ See e.g., ICC Staff Ex. 1.0 beginning at line 68.

⁹ See e.g., RES Coalition Ex. 1.0 at lines 582.

years as opposed to other years. In fact, from the customer's viewpoint, having the alternative of moving to the PPO can be beneficial. In and of itself, this is not evidence of the MVEC being set too low.

Q. SEVERAL PARTIES URGE THE COMMISSION TO USE THIS DOCKET TO SET A NEW MARKET VALUE THAT WOULD INCLUDE SO-CALLED "RETAIL COSTS" (RETAIL MARK-UP).¹⁰ HOW SHOULD THE COMMISSION ADDRESS THESE ISSUES?

A. While I will discuss the economics of these proposals later in my testimony, I first want to comment on these proposals as a general matter. This proceeding is for the purpose of reviewing and potentially approving modifications to a tariff that has already been approved by the Commission. Contrary to some of the interveners' comments,¹¹ the Commission did not find the MVI methodology deficient in its previous order. But rather, as is often the case when a new or complex methodology is put in place, the Commission was cautious and required some review over time. This was commonsense action by the Commission in response to uncertainty in the market and about the methodology. Furthermore, this is also recognition by the Commission that over time, as new data become available and parties become more accustomed to the tariff, modifications may be necessary to improve the accuracy of the tariff. This is exactly what ComEd has proposed in this case. It is simply an inaccurate portrayal of any Commission order to suggest that the Commission would knowingly approve a faulty tariff. Rather, the Commission simply noted that certain uncertainties exist in the market and that it would be prudent to review the methodology over time. This should not be interpreted as a condemnation of the method by the Commission.

Furthermore, as Mr. Zuraski notes, the market value has implications beyond the transition period and for more customers than those that might choose alternative suppliers.¹² This proceeding should not be used to alter future resource allocation for the purposes of

¹⁰ See e.g., RES Coalition Ex. 1.0 at lines 189-190, BOMA Ex. 1.0 at lines 308-318.

¹¹ RES Coalition Ex. 1.0 beginning at line 85.

¹² ICC Staff Ex. 1.0 beginning at line 210.

artificially altering the economics in today's competitive market. Public policy should not be dictated by short-term private interests, but rather should address the long-term interests of the public. In the long-term, ComEd's proposal does the best job of meeting the economic and statutory goals of restructuring.

III. EFFICIENT COMPETITION AND THE MVI CALCULATION

Q. YOU HAVE MENTIONED THAT SEVERAL INTERVENERS HAVE PROPOSED A RETAIL MARK-UP ON THE MVEC IN ORDER TO CREATE MORE MARGIN FOR COMPETITORS TO GAIN CUSTOMERS. PLEASE EXPLAIN WHY EFFICIENT COMPETITION IS IMPORTANT IN THIS CASE.

A. First, it is important to understand that efficient competition occurs when firms compete on the basis of their relative efficiencies as reflected in their marginal costs. These efficiencies will vary from firm to firm, but the key point is to require firms to compete based on their own technical and economic advantages and not to artificially create an advantage for one firm (or group of firms) over another. In Illinois, efficient competition is an important goal because the General Assembly charged the Commission with promoting efficient competition.¹³ But beyond the legislative goals, efficient competition is desirable so that long-term resource allocation is not distorted. In this context, resource allocation refers to the allotment of physical, financial and human capital between competing uses. While the concept of resource allocation may be ethereal to many non-economists, it is important for the Commission to send signals that reflect the accurate market values (i.e., values based on the market) and not those values that reflect embedded costs of new entrants. For example, if the Commission artificially sets the market value too high, this could induce firms to spend more resources in Illinois even though the firms that currently operate in Illinois could more efficiently provide service to customers. Such a policy would represent a wealth transfer from one firm to another rather than increasing consumer welfare, and indeed such a transfer may actually decrease overall welfare by promoting inefficiency. In other words, increasing the MVEC above the actual market value does not, in and of itself, increase the

¹³ Section 16-101A(d) of the Act.

gains to society from new entry; it simply redistributes wealth and wastes the difference between the marginal cost of the inefficient entrant and the efficient incumbent. The Commission should avoid policies that distort resource allocations.

Q. DO ANY OF THE PARTIES IN THIS CASE HAVE AN INCENTIVE TO PROPOSE MVEC'S THAT EXCEED THE TRUE MARKET VALUE?

A. Yes. As Mr. Zuraski points out¹⁴ a RES is likely to prefer a higher MVEC as it is more likely to be able to obtain a customer and can increase its profits as the size of the MVEC increases above the actual market value(s). In addition, again as Mr. Zuraski notes, customers may prefer a higher MVEC if they believe that a RES will be its cheapest option. The interveners' testimony amounts to a request to reduce ComEd's transition revenue stream to the benefit of the RESs (not necessarily customers as there is no guarantee that RESs will pass all of the savings onto customers.) The Commission should reject such a request as self-serving.

Q. DO ANY PARTIES HAVE AN INCENTIVE TO UNDER-ESTIMATE THE MVEC?

A. Since inefficient competition transfers wealth from the incumbent firm to a competitor, an incumbent firm could, in theory, have an incentive to under value the market price. However, there are three items that limit the ability and incentive of ComEd to do so. First, the law states fairly clearly how the market value should be calculated. A market index seems to limit the ability of the incumbent to artificially lower the market value. Second, in the case of ComEd, its actions have shown a fundamental change in its business strategy to being a delivery company rather than a company actively competing to sell commodity service (either alone or as part of a bundled product). Of course, ComEd has a fiduciary responsibility to its owners and therefore should not be expected to relinquish its rights under the Act. Finally, ComEd, or its affiliated companies, would have little incentive to attempt to manipulate prices given regulatory scrutiny from this Commission, anti-trust authorities, FERC and possibly even the SEC. Recognizing the recent problems with energy (and other) firms, it would simply be foolhardy on the part of ComEd to attempt

¹⁴ ICC Staff Exhibit 1.0 at lines 154-156.

209 such shenanigans. On balance, these items tend to mitigate any incentive ComEd might
210 have to under estimate the market value.

211 **Q. ONE MIGHT GET THE IMPRESSION FROM READING INTERVENERS’**
212 **TESTIMONY THAT GREATER “COMPETITIVE” ENTRY ALWAYS MEANS**
213 **GREATER COMPETITION. IS THIS TRUE?**

214 A. Ironically, this is simply not always true. In an industry that is characterized by fixed costs
215 such as the electric industry, it is well-known that inefficient entry (i.e., too many
216 competitors) can actually decrease the benefits of competition (i.e., overall welfare). This
217 effect is called the business-stealing effect and operates along similar lines as I described
218 above in my discussion of efficient competition.¹⁵

219 **Q. DIDN’T SOME STATES PURPOSELY PROVIDE LARGE “SHOPPING CREDITS”**
220 **IN ORDER TO PROMOTE COMPETITION?**

221 A. Yes. One example is Pennsylvania. The regulatory commission there intentionally
222 increased shopping credits above the avoided costs of the incumbent. The intention, of
223 course, is that more competitors means more competition.

224 **Q. HAVE STATES THAT ARTIFICIALLY INDUCED ENTRY FARED BETTER IN**
225 **PROMOTING SUSTAINABLE COMPETITION?**

226 A. In the short-run it is clear that higher shopping credits created incentives for competitors to
227 enter, whether they were efficient providers or not. In the long-run it is equally clear that
228 high shopping credits created some inefficient entry. For example, a recent report by the
229 National Regulatory Research Institute (NRRI) noted that between 2000 and 2002 the
230 number of customers in Pennsylvania, choosing alternative suppliers along with the amount
231 of load provided by alternative suppliers dramatically decreased.¹⁶ Part of the blame was
232 placed on high wholesale prices.¹⁷ The fact that so many entrants, but not all, exited the

¹⁵ The business stealing effect was first coined by G. Mankiw and M Whinston (1986), “Free Entry and Social Inefficiency,” *Rand Journal of Economics*, 17: 48-58.

¹⁶ K. Rose and V. Bulimalla, “2002 Performance Review of Electric Power Markets,” NRRI, Columbus, OH, prepared for the Virginia State Corporation Commission , August 30, 2002, (p. 34)

¹⁷ Id.

233 business in such a short time suggests that some of these entrants probably should not have
234 been in the market to begin with.

235 **Q. ARE THERE ANY OTHER REASONS WHY THE COMMISSION SHOULD**
236 **AVOID CREATING SUBSIDIES FOR ENTRY?**

237 A. Yes. Subsidies create a false expectation for both customers and potential entrants. Since
238 some of these competitors cannot operate a sustained business once the subsidies are
239 eliminated, one can expect that the competitors will attempt to maintain these subsidies for
240 as long as possible. The Commission should avoid creating an artificial entitlement that will
241 simply lead to more regulatory battles in the future.

242 **IV. THE RPI AND RETURNING TO THE NFF**

243 **Q. PLEASE DESCRIBE THE RETAIL PRICE INDEX (RPI) AS PRESENTED IN MR.**
244 **SHARFMAN'S TESTIMONY.¹⁸**

245 A. Mr. Sharfman describes the RPI as follows:

246 The RPI reports regional regulated and competitive electric price offerings for a
247 "typical" small business customer entering into a one-year fixed-price retail contract.
248 The RPI also provides a comparison of these retail price offerings to wholesale market
249 prices to further gauge the vitality of retail competition. The regions included in the
250 RPI are represented by ten major cities including Boston, Chicago, Cincinnati, Dallas,
251 Detroit, Houston, New York, Philadelphia, Pittsburgh, and Washington D.C. The RPI
252 reports four different statistics on each city including the regulated retail generation
253 price, the competitive retail generation price, the % monthly change in retail generation
254 price, and the retail power spread.¹⁹

255 **Q. WHAT RELEVANCE DOES THIS HAVE FOR THE CALCULATION OF THE**
256 **MVI?**

257 A. Contrary to Mr. Sharfman's conclusions, the RPI has no relevance to the calculation of the
258 MVI under the ComEd proposed tariff. While the technical problems with the RPI are
259 addressed in other testimony, from a policy viewpoint the Act precludes the RPI being used
260 to adjust the MVI as Mr. Sharfman proposes. Further, as I understand the RPI, it is

¹⁸ BOMA Ex. 1.0 beginning at line 119.

¹⁹ Id. at lines 120-136.

attempting to compare different retail prices (for small use customers) in different jurisdictions. Beyond the fact that prices in this docket are to be set to represent the market value, not the market value for small business customers, the open access policies in each of these jurisdictions are simply not comparable as some choose to provide high shopping credits, other choose auctions, while others choose still other procedures to set retail regulated prices. Since these policies are so diverse, it is unclear what the RPI means for Illinois. However, it is clear that Mr. Sharfman does not like the outcome of the Illinois Act and would like the Commission to alter its outcome through this proceeding. The Commission simply cannot re-write the law and as I've described above there is no need to do so.

Q. THE RES COALITION STATES THAT IT WOULD BE WILLING TO TAKE THE NFF PROCESS IF IT CAN'T GET WHAT IT WANTS IN THIS PROCEEDING.²⁰ HOW DO YOU RESPOND?

A. The NFF process has been criticized by the Staff, as well as others.²¹ These criticisms and others are on point and include the following:

- burdensome to the parties;
- contracts that are outdated;
- the final prices may have no relationship to the future market value;
- the process did not provide sufficient seasonal and hourly price differentials; and
- the process was not transparent to market participants.

Given these serious flaws in the NFF process, and given that the MVI process has been working, it makes little sense for the Commission to switch back to a less accurate process.

Q. THE RES COALITION SUGGESTS THAT THE NFF PROCESS WOULD REDUCE THE RISK OF UNDER VALUING THE MARKET VALUE.²² HOW DO YOU RESPOND?

²⁰ RES Coalition Ex. 1.0 beginning at line 245.

A. It is not clear why the RES Coalition's claim must be always be true. But, if it were, under such logic systematically shifting the probability of error implies that the risk of over valuing the market value increases. The Commission should not be put in the position of creating a new potential error simply because a competitor would make a higher profit.

Q. THE RES COALITION AND OTHERS MAKE AN ARGUMENT THAT THE MVI METHOD IS HARMING COMPETITION.²³ DO YOU AGREE?

A. No. The underlying theme of these contentions seems to be that competitors not increasing market share is an indication of the lack of competition or competitive outcomes. As I have noted above this is not true as a matter of economic principle. But further, from a policy viewpoint, the approach to competition in Illinois was not designed to promote competitors at the expense of an orderly transition. Promoting efficient competition promotes the kind of competition that the Act envisions. That is, suppliers of a commodity are expected to compete on the basis of their relative efficiencies and are not expected to be subsidized. This policy has worked well in Illinois thus far throughout the transition, without some of the disruptions we have seen in other states. Furthermore, this proposal actually enhances the competitive landscape through efforts that are not required of ComEd. These benefits include the expansion of customer-specific transition charge calculation and the experimental Rider CTC-MY that would permit eligible customers and competitive suppliers the ability to lock-in transition charges for a two-year period. Both of these changes should enable competitors and customers to more easily undertake competitive transactions.

V. THE COMED PROPOSAL MEETS THE GOALS OF THE ACT AND THE LETTER OF THE LAW, AND BENEFITS THE PUBLIC

Q. HOW DOES THE COMED PROPOSAL MEET THE GOALS OF THE ACT AND THE LETTER OF THE LAW?

(...continued)

²¹ See Interim Order in Docket No. 00-0259 at 144-5

²² RES Coalition Ex. 1.0 at lines 255-256.

²³ Id., BOMA Ex. 1.0, and IEC Exhibit 1.0.

A. The goals of the Act are clear—to promote efficient competition while allowing the incumbent a reasonable opportunity to recover its investment. This proposal meets both goals as I have noted throughout this testimony. In addition, it is clear from my perspective that the proposal meets the plain reading of Section 16-112(a). The methodology generates market values as a function of market traded indices and makes various adjustments to these data so that the result applies to the market in which ComEd sells and the customer buys electric power and energy.

Q. HOW DOES COMED’S PROPOSAL MEET ITS OWN GOALS FOR THE MVI?

A. Mr. Crumrine has stated several goals for the modification of the MVI tariff.²⁴

- Determining the value of freed-up electric power and energy as accurately as possible;
- Promoting market certainty for customers, RESs, and utilities;
- Allowing for thoughtful and accurate planning by customers, RESs, and utilities;
- Avoiding subsidies and hidden rises in prices; and
- Expanding opportunities for customers to choose competitive suppliers.

I believe these goals to be reasonable objectives for the modification of this tariff. It should be clear from my testimony that each of these goals has been met in a reasonable manner that also meets the goals of the Act as stated above. Finally, the public interest is served by this proposal in three crucial areas.

Q. HOW DOES THE PUBLIC BENEFIT FROM THIS PROPOSAL?

A. First, the proposal avoids the temptation to increase societal costs by creating artificial subsidies. Second, the public is served through the requirement of efficient competition that will force competitors to become more and more adept at providing services and require innovation. Since these are attributes of an effectively competitive market that benefits

²⁴ See Direct Testimony of Paul R. Crumrine, beginning at line 223.

335 from efficient competition, the public interest is met through this proposal. Finally, the
336 proposal will not create artificial signals that could wind up costing Illinois businesses in
337 the long-run.

338 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY IN THIS DOCKET?**

339 A. Yes, it does.